



Legislation Text

File #: 20-0954, **Version:** 1

Resolution to Approve the First Amendment and Extension to the Lease Agreement between the City and AvFuel Corporation for a Corporate Hangar Located at the Ann Arbor Municipal Airport Attached for your review and approval is a resolution to approve the First Amendment and Extension to the July 1, 2000 lease agreement between the City of Ann Arbor and AvFuel Corporation for the corporate aircraft hangar located at 903 Airport Drive.

The original 2000 lease agreement with AvFuel is set to expire on June 30, 2020. The tenant has leased the facility for its corporate flight department for the last 20 years and has recently renovated the office area to provide additional office space for staff from their corporate offices due to the current pandemic. The lease extension is for a one year term with three additional one year options available. All other terms and conditions of the original 2000 lease agreement, unless specifically changed in the First Amendment and Extension, would still be in force.

Lease rates for both the land and building are consistent with current rates being charged at the Ann Arbor Airport. Like all airport land leases, the land rate is subject to an annual CPI based increase. The building rate is consistent for the initial term and all subsequent options available under this First Amendment and Extension.

Under the existing lease, the airport is responsible for a number of components in the building, including the HVAC system. The air conditioning system in the office area of this hangar needed replacement and the airport secured a quote for that work. To expedite the installation of this system, needed to allow "social distancing" of the AvFuel office staff due to the coronavirus pandemic, AvFuel requested that they be allowed to install the new air conditioning unit at their cost. Upon approval of this First Amendment and Extension, the airport would reimburse AvFuel the actual cost of this replacement, not to exceed the quote received by the airport for this work, via a monthly rent credit over the initial term of this agreement.

Budget/Fiscal Impact: The continued lease of this corporate hangar has a positive impact on the Airport's Operating and Maintenance budget.

Prepared by: Matthew J. Kulhanek, Fleet & Facilities Manager

Reviewed by: John Fournier, Assistant City Administrator

Approved by: Tom Crawford, Interim City Administrator

Whereas, AvFuel Corporation entered into a 20 year lease agreement with the City in July, 2000 for land and a corporate hangar building located at the Ann Arbor Municipal Airport;

Whereas, AvFuel Corporation has expressed a desire to continue leasing the building for an additional period of time; and

Whereas, The First Amendment and Extension of the existing lease agreement provides for a short term extension and reimbursement of capital maintenance expenses which were performed and funded by the tenant.

RESOLVED, That City Council approve the proposed First Amendment and Extension to the Lease Agreement with AvFuel Corporation for the corporate hangar located at 903 Airport Drive;

RESOLVED, That the Mayor and City Clerk be authorized and directed to sign said lease agreement upon approval as to form by the City Attorney, and upon approval as to substance by the City Administrator; and

RESOLVED, That the City Administrator be directed to take the necessary administrative actions to implement this resolution.